

Medicare Part D----Q & A

1. **What is Part D?** Part D is the new Medicare Prescription Drug Benefit that will become available January 1, 2006. It is a voluntary benefit; and it will be offered by private companies. The basic Part D benefit can be described as follows:
 - a. First \$250 of annual prescription costs
 - (1) Medicare pays 0%
 - (2) Beneficiary pays 100% (This is the deductible.)
 - b. Next \$2,000 of annual prescription costs
 - (1) Medicare pays 75% (\$1500)
 - (2) Beneficiary pays 25% (\$500)
 - c. Next \$2,850 of annual prescription costs
 - (1) Medicare pays 0%
 - (2) Beneficiary pays 100% (This is referred to as the “donut hole”)
 - d. Excess over \$5,100 of annual prescription costs
 - (1) Medicare pays 95%
 - (2) Beneficiary pays 5% (This is referred to as the catastrophic coverage.)
2. **How do I sort through all the information out there?** There are many Part D plans available and much information provided through the media. It can be very confusing and difficult to know where to start to sort this all out. Our recommendation is a simple one---
 - a. List the prescriptions you are currently taking, including their strength (dosage); how often you take them (frequency); and how much you pay for them (cost).
 - b. Talk to your pharmacist to determine which plans they have contracted with. This will reduce the number of prescription drug plans for you to consider if you choose to stay with your existing pharmacy.
 - c. Compare the Part D premium, and the prescriptions that are covered under each of the plans to make your choice of the one that is best for you.
 - d. If you have any questions or would like additional help, call us at 1-888-575-6611.
3. **Will my prescriptions be covered?** Each Part D plan will list the prescription drugs that will be covered under that plan. As you are considering the plans, you will have that list available. That is why the first step should be where you list the prescriptions you are currently taking.
4. **How many plans will be available?** The Part D prescription drug benefits will be provided through insurance products offered by private companies. There will be 41 different stand-alone prescription drug plans offered in North Dakota, of which 10 will be also available on a nationwide basis.
5. **Can the formularies change?** The formularies, which are lists of the prescription drugs covered, can change. The companies must give at least 60 days notice of

any change. Beneficiaries are able to change their Part D plan annually during the enrollment period, which will be November 15 – December 31.

6. **When can people sign up?** The initial open enrollment period for the Medicare Part D benefit (for all people currently on Medicare or Medicaid) is from November 15, 2005 to May 15, 2006.
7. **What if people don't sign up in the initial enrollment period?** People who are eligible to enroll, but do not enroll during the initial enrollment period, can enroll later than May 15, 2006, but there will be assessed a premium penalty equal to an additional 1% per month of delay. (For example, if such a person decides to enroll 2 years later, there would be an additional 24% added to the premium.)
8. **What will a Part D Plan cost?** Since the Part D benefits are provided through insurance policies offered by private companies, the premium will vary by company. Companies offering a Part D plan must provide benefits at least "actuarially equivalent" to the basic Part D benefit. As a result, some Part D Plans could provide benefits that are different from the basic benefit (for example, different deductibles, co-payments, etc.). The average monthly premium in North Dakota for a Part D Plan is \$32.20 per month, based on the plans that will be available. Monthly premiums for plans available in North Dakota range from less than \$10 per month to nearly \$100 per month.
9. **I am on Medicaid and my prescription drugs are covered. I don't need to do anything, right?** Medicaid currently covers prescription drugs. However, after December 31, 2005, that coverage will cease, and each person on Medicaid will need to select a Part D Plan. If a current Medicaid beneficiary does not select a Part D plan during the enrollment period, one will be selected for them. (The plan selected for them can be changed before the end of the initial enrollment period (May 15, 2006) or during a subsequent regular enrollment period (Nov. 15 – Dec. 31).)
10. **I already have prescription drug coverage from my employer. Does anything happen to my drug benefit?** The employer must provide a notification to the employee that their coverage is "creditable" coverage. This means that the prescription drug coverage provided by their employer's plan is at least as good as the basic Medicare Part D plan. As long as the employee has "creditable" coverage, they can keep it. If the employer subsequently discontinues offering prescription drug coverage, the employee can enroll in a Part D plan without penalty if the enrollment is within 63 days of the termination of that coverage.
11. **What is the "donut hole" I have been hearing about?** For the basic Part D benefit, after the first \$2,250 of annual prescription drug cost, the *next* \$2,850 of annual prescription drug costs are paid entirely by the beneficiary (Medicare pays nothing). The \$2,850 is referred to as the "donut hole".

- 12. I already filled out my forms.** Applications for additional assistance (for those with limited income and/or assets) have been mailed out by Social Security, so those are the forms probably filled out. The enrollment for the Medicare Part D plans themselves does not start until November 15, 2005.
- 13. I already have prescription drug coverage through my Medicare Supplement (also known as Medigap) policy. Can I just keep that coverage?** Medicare Supplement Plans H, I, and J offer prescription drug coverage. After December 31, 2005, these plans can no longer be sold with the prescription drug coverage included....since Medicare Part D will then be available. For existing Medicare Supplement policies H, I, J (that already have prescription drug coverage included), the policyholders will have the following options:
- a. Enroll in a Part D Plan; and keep your existing Medicare Supplement H, I or J Plan which will then be modified to remove the prescription drug coverage and correspondingly reduce the premium; **or**
 - b. Enroll in a Part D Plan; and purchase a different Medicare Supplement Plan that does not include prescription drug coverage (Plan A, B, C, F, K, L) which is offered by the same insurer...within 63 days of enrollment in the Part D Plan; **or**
 - c. Do not enroll in a Part D Plan; and keep your existing Medicare Supplement Plan H, I or J.
- 14. Can I sign up later for Part D coverage?** A person can delay enrolling in a Part D Plan beyond the May 15, 2006 date. However, there will be a 1% per month premium penalty for each month after May 15, 2006. (For example, if a person enrolls 2 years after the end of the enrollment period, there will be a 24% penalty added to the premium.) The additional percentage will be added each year. (*Note* that if you have “creditable” prescription drug coverage with your employer and the employer discontinues that coverage after the May 15, 2006 date, you will not incur the late penalty if you choose at that point to enroll in a Part D Plan...as long as you enroll within 63 days of losing that employer prescription drug coverage.)
- 15. Is the basic Part D Plan the only plan that is being offered?** No, there are alternate Part D Plans that will be available. An “alternate” plan is one that is at least actuarially equivalent to the basic Part D Plan. There are currently 41 stand-alone Part D plans that will be available in North Dakota on January 1, 2006. These “alternate” plans can have different deductibles and co-payment percentages, as long as they are at least as good as the basic Part D Plan.
- 16. How does a person enroll in a Part D Plan?**
- a. Enrollment Centers—This is being discussed. Enrollment centers would be set up across the state to assist people with enrollment.
 - b. Medicare Website: www.Medicare.gov—Enrollment in a Part D Plan can be done directly through the Medicare website.

- c. Call North Dakota Insurance Department at 1-888-575-6611. We can assist you with your questions and with volunteers to help you enroll in a Part D Plan.

- 17. I already have a Medicare-approved Drug Discount Card. Can I just keep that?** The Medicare-approved Drug Discount Card is a temporary program that ends December 31, 2005. Beginning January 1, 2006, the Medicare Part D benefit is available.
- 18. If I enroll in a Part D Plan, can my premium change?** The premium for the Part D Plan could change annually. Note that a Part D Plan policyholder could then change to a different Part D Plan during subsequent enrollment periods (Nov. 15 – Dec. 31) if they so desire.
- 19. Who will be offering prescription drug plans? How many in North Dakota?** Companies wanting to offer prescription drug plans applied to do so with CMS (Centers for Medicare and Medicaid Services). Companies can offer more than one plan, but each plan must be at least as good (actuarially equivalent) as the basic plan. Currently, there are 41 stand-alone prescription drug plans that will be available in North Dakota beginning January 1, 2006. A list of these Plans, and the companies offering them, is included in the *Medicare & You 2006* publication that is mailed to each Medicare beneficiary. The mailing of this publication within North Dakota is expected to be completed by the end of October, 2005.
- 20. I spend my winters in Arizona. Will I still have prescription drug coverage when I am there?** A prescription drug plan that provides regional coverage would not cover prescription drugs outside the region. (Our region includes North Dakota, South Dakota, Minnesota, Iowa, Nebraska, Wyoming and Montana.) For people that spend the winters elsewhere, they should consider the purchase of a national Part D Plan. Of the companies offering prescription drug plans in North Dakota, 10 have national plans. These national plans would cover prescriptions in any region.
- 21. What are these Medicare Advantage plans we hear about?** These plans are another way for people to get their health care coverage. A person enrolling in one of these plans continues to pay the Part B premium but the health coverage and billing is accomplished through the Medicare Advantage plan the person has chosen. Many Medicare Advantage plans also have an accompanying prescription drug plan. Choosing a plan such as this will provide health insurance coverage and prescription drug coverage in one plan. As with all insurance related questions, be sure you understand the entire program and all this change will include before making a decision.
- 22. Can we switch prescription drug plans?** Yes, you may change plans each year between November 15 and December 31.

23. What if I cannot afford the Part D premium? Some people are eligible for extra help to pay the Plan premium, deductible and co-payments. People with limited incomes and resources are eligible. For a single person, the income limit is less than \$1,200 per month; and for a couple, the income limit is less than \$1,600 per month. A single person is limited to assets of \$11,500 or less; and a couple is limited to \$23,000 or less. You may contact the local Social Security Office, as they are handling the applications for extra help. You can also contact SHIC at 1-888-575-6611.

24. I don't spend very much now on prescriptions. Do I really need a Part D Plan? Even if you don't need prescriptions now, you should still consider joining a plan. Most people, as they age, will need prescription drugs to help maintain their health. In addition, those who fail to enroll in a prescription drug plan at their first opportunity will pay a higher premium than they would have had they enrolled when they first had the chance. The initial enrollment period for people now on Medicare begins November 15, 2005 and ends May 15, 2006.

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